



MARKET REVIEW OCTOBER 2009

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Grain

EU Wheat: In the past four weeks significantly less wheat has been exported. The export licences are around 1 mln t lower than at the same time of last year. The still firm Euro is constricting the exports. Moreover, a large crop is to be expected in Australia, which will contribute to reducing the export chances of European wheat.

EU Maize: Prices for grain maize have meanwhile begun to rise. The reason is to be seen mainly in the reluctance of the farmers to sell, but also the low water of the Danube has led to the effect that the required quantities cannot be transported from the European key growing areas. In addition, the higher quotations at the exchanges in Chicago resulted in an increase in the European price level. This year's grain maize production in Germany is likely to remain about 1 mln t below last year's volume at 4.2 mln t due to a reduced acreage and lower yields. In addition, the harvest in France is not yet in full swing so that also there not many quantities have been sold so far. Nevertheless, a significant increase in the price is not to be expected, as also the demand continues to be lower than last year.

EU Malting Barley: The EU is currently facing an oversupply situation. Thus prices slumped to a re-

cord low level. In addition, there is a lack of domestic demand from the brewing industry. How long the price will stay at this low price level mainly depends on the farmers' decisions about a possible reduction in the acreage.

International Malting Barley: In Canada the harvest is almost complete. The Canadian statistics office estimates the production now at 9.21 mln t. This is above the previous estimate but still below the 11.8 mln t harvested last year. According to first results, the quality of this year's crop looks promising. Growth conditions in Australia have been reported to be good to very good so far so that a production volume of 8 - 9 mln t may be expected. For China, the world's major importer of malting barley, Australian barley is most competitive at the moment. Also in Argentina the growing conditions are very good although the production should remain below last year's level as the acreage had been reduced.

EU Feed Barley: Prices have increased over the past weeks, similar to those for other grains. This is another reason - apart from the firm Euro - for the fact that EU feed barley can still not compete with exports from Ukraine and Australia and - maybe in the near future - also from Canada.

Oilseeds/Oilmeals

Soybeanmeal: In its latest report the USDA estimated the US soybean production at 3,250 mln bu at a yield of 42.4 bu/acre. The increase in the price noted in recent weeks was mainly a consequence of unfavourable weather conditions in the Midwest which delayed the harvest activities. Moreover, currently, the investment funds are investing in the soybean complex to a larger extent. However, in the long run, we expect the quotations in Chicago to go down, as a very good harvest is forecast for the USA and also Argentina and Brazil are projected to produce significantly more soybeans than in the previous year. In Europe, the further price development will also depend on the future decision of the

EU Agricultural Council, expected in mid-October, about the not yet approved GMO maize events and thus about whether and when the imports of soybeans and soybeanmeal from the USA can be resumed. The South American farmers are still reluctant to sell so that the oilmills are crushing less soybeans. This reduces of course the supply of South American soybeanmeal for export so that less soybeanmeal is reaching the European ports of importation. In Europe, the compound feed producers continue to cover only their spot demand. Despite the existing GMO problem in the EU, there is still no greater demand for South American soybeans and soybeanmeal.

Rapeseedmeal: After they reached a temporary peak in early September, prices are now declining slightly. The crush margins of the processing industry are good so that the market is well supplied.

Sunseedmeal: So far the Ukrainian oilseed crush-

ers have not sold much sunseed so that prices continued to rise. In Turkey, Morocco and Italy mainly, the demand increased, while in other important countries of consumption demand is low.

Other Feedstuffs

Palmexpeller: Large stocks in the main European importing ports put pressure on the prices for nearby positions as the compound feed industry is still covering only its spot demand. In the next coming weeks we reckon with an increase in demand in the EU as palmexpellers are more favourably priced than all other feedstuffs and as milk payout prices for dairy farmers have risen slightly which should lead to a higher use of compound feed.

Citruspulppellets: The market situation has not yet changed. Purchases still concentrate on covering the spot demand with prices stagnating at the current low level. Prices in the major exporting nations, however, have increased due to partly better demand from non-EU countries. In addition, this year's orange production is forecast to be about 16% smaller than last year which would reduce the ex-

port surplus.

Demand for **beetpulppellets** is still sluggish and limited to covering just the momentary needs. Prices declined further. In view of the low demand for compound feed and the ample supply of feed grain we expect the market situation not to change for the time being.

The use of **beet molasses** in compound feed is reduced to a minimum. In order to curb further pressure on the prices driven by the low demand and the very good crop, the sugar industry is storing most of its goods.

Glycerine: Due to the increase in biodiesel production more glycerine is being offered on the market. Also the demand is growing so that prices have risen despite the good supply.

Fertilizers

Nitrogen: On the international level demand is brisk in Asia. Main buyers are India and Pakistan at the moment. On the other continents demand is lower. In South America demand is lacking and in

Europe the small availability of storage capacity is impeding purchases.

Phosphate: Demand is declining so the prices have dropped as well.

Germany

The silage maize harvest in **Germany** is almost finished, while the grain maize as well as the sugarbeet harvest is still in full swing. The production of silage maize is good to very good this year, whereas the grain maize output is expected to be lower than last year. After only below-average precipitation fell in September, good rainfalls have been noted in October so far which has led to a full replenishment of soil water reserves. Thus, currently, growth conditions are favourable for all win-

ter crops. For the next harvest, an expansion in the winter wheat acreage can be expected, while the winter barley and the rye area are likely to be reduced.

This year's grain production was slightly revised up by the German Federal Ministry of Agriculture (BMELV) in its second official estimate to 49.5 (previous estimate 49.3; previous year 50.1) mln t. The production of wheat (excluding durum) is now seen reaching 25.1 (25.0; 26.0) mln t, that of barley

12.3 (12.3; 12.0) mln t including 2.2 (2.3; 2.6) mln t of spring wheat. Rye output is forecast at 4.3 (4.1; 3.7) mln t, oats output at 824,000 (798,000; 793,000) t and triticale output at an unchanged 2.5 (last year 2.4) mln t. Also rapeseed production is now projected to be slightly higher 6.3 (6.2; 5.1) mln t. Maize production is estimated at 4.3 (5.1) mln t.

In marketing year 2008/09, 21.1 mln t of **compound feed** had been produced, 4% less compared to the 21.9 mln t of the previous year. This included 6.3 (6.7) mln t of cattle feed, 9.0 (9.2) mln t of pig feed and 5.3 (5.4) mln t of poultry feed. The share of grain in compound feed rose to 46.6 (43.7)%. 4.0 (3.7) mln t of wheat had been used for compound feed production as well as 2.1 (2.0) mln t of barley, 2.1 (2.6) mln t of maize, 933,000 (665,000) t of rye and 687,000 (505,000) t of triticale. In addition, 3.3 (3.4) mln t of soybean meal, 2.0 (2.1) mln t of rapeseed meal, 234,000

(269,000) t of corngluten, 75,000 (110,000) t of citrus pulp pellets and 616,000 (756,000) t of beet pulp pellets went into the production of compound feed.

In July 2009, 1.4 mln t of **grain were exported** which is significantly more than the 821,000 t exported in the same month of last year. 564,000 (637,000) t went into other EU countries and 855,000 (184,000) t into third countries. The exports of wheat amounted to 1.1 mln (449,000) t, those of wheat flour to 51,000 (24,000) t, of barley to 125,000 (185,000) t, of rye to 37,000 (17,000) t, and of malt to 47,000 (43,000) t.

Grain imports reached 650,000 (375,000) t in the same period with 640,000 (324,000) t coming from other EU countries and 10,000 (51,000) t from third countries. The wheat exports increased to 180,000 (77,000) t, those of barley to 150,000 (99,000) t, of grain maize to 206,000 (113,000) t, while the malt imports were lower at 23,000 (25,000) t.

CONCERNING AGRICULTURAL POLICY:

The International Market for Vegetable Oils in the Marketing Year 2009/10

In the course of the general decline in prices on the commodity markets also prices for vegetable oils have slumped since mid-2008. At the moment the markets for agricultural products expect large harvests in the northern hemisphere and look eagerly at the upcoming soybean campaign in South America. At the same time new regulations for biofuels in many countries require higher blends of biodiesel. Against this background the following pages will provide an overview of the worldwide supply and demand situation for vegetable oils.

The United States Department of Agriculture (USDA) forecasts the **production of the nine most important vegetable oils** (oils from soybeans, rapeseed, sunseed, cottonseed, groundnuts as well as palm and palmkernel oil, coconut oil and olive oil) at around 136.9 mln t in the marketing year 2009/10. This would mean a new record level and a rise by 5.1 mln t or 3.9% from the previous year's production. Further eight vegetable

and animal oils and fats (sesame oil, maize oil, castorseed oil, linseed oil, butterfat, lard and fish oil) which are not included in the USDA report, should, according to Oil World, account for an additional 29.1 (previous year 28.5) mln t in 2009/10. Hence, the worldwide production of the 17 major oils and fats is seen at 166.0 (160.3) mln t in 2009/10.

The still largest share in worldwide production of the nine most important oils has palm oil with 33%. According to the USDA, palm oil output will hit a new record of 45.0 (42.6) mln t in 2009/10. Due to an anticipated sharp increase in the soybean crop, the USDA projects the soybean oil production to recover to 37.3 mln t. As a result of the poor soybean crop in South America, the production amounted to a mere 35.6 mln t in the last marketing year and was therefore below the previous year's level for the first time since 2003/04. Despite this increase in soybean oil output and the resulting higher crush, global soybean stocks, however, are supposed to

rise significantly. The worldwide rapeseed oil production in 2009/10 may reach a new record high of 21.7 (20.5) mln t which is partly due to the increase in rapeseed production and crush within the EU-27. The USDA sees the global sunseed oil production at 11.6 mln t, matching last year's record level. Because of a sharp decline in groundnut oil production, the production of other oils is forecast to drop to 21.2 (21.5) mln t. This would mean a stagnation at around the 21 mln t mark over the last five years. For cottonseed oil, production is expected at 4.8 (4,8) mln t, for groundnut oil at 4.6 (5.0) mln t, for coconut oil at 3.6 (3.6) mln t, for olive oil at 3.0 (3.0) mln t and for palmkernel oil at 5.3 (5.1) mln t.

According to the USDA, **worldwide use of the nine major vegetable oils** should amount to 137.1 mln t in the marketing year 2009/10. This is an increase by 6.1 mln t or 4.7% from the level noted one year before. The increase in use is therefore slightly higher than the 3.2% reached in 2008/09. All in all one can say that there has never been a downward trend in demand for vegetable oils despite extremely high prices in 2007/08 and the current economic crisis. This clearly shows that the total demand for vegetable oils is relatively price inelastic. The reason can be found in the big share of the use for human consumption. According to the USDA, the demand from the food processing industry is expected to rise by 3.9 mln t to 107.0 mln t. The use for biodiesel and oleochemical production may grow by 1.4 mln t to 26.6 mln t, matching the increase of the last two marketing years. Contrary to former years, in 2009 the higher oil use will not be based on an increasing demand for biodiesel production. Analyst F.O. Licht sees a global rise in biodiesel production by only 500,000 t to 14.4 mln t even though a plus of 1.3 mln t compared to 2008 is anticipated as a result of the expansion of crushing capacities as well as new blend mandates which come into force in the EU-27 and South America. In the USA, however, production is likely to decline by 1.2 mln t. This is due to poor crush margins and also due to the fact that the Environmental Protection Agency has not yet

put into law the blending quota for 2009 defined in the energy legislation. Even the implementation of the quota may have only limited effects on the US soybean oil demand as use of soybean oil for biodiesel production has been reduced within the last few years. According to the US Statistics Office, the use of soybean oil fell from 88% in July 2007 to around 50% in the spring and the summer of 2009, while the use of other fats and oils, such as tallow, significantly increased.

The USDA estimates **global vegetable oil trade** to rise by 3.5% to 56.8 (54.9) mln t. This is mainly due to Indonesia's increased volumes of palm oil exports to other Asian countries. With 15.6 (14.7) mln t Indonesia has almost caught up with Malaysia, the largest exporting country so far. In 2009/10 the USDA expects Malaysian exports to stagnate at 15.7 mln t, as stocks have sharply decreased. With a volume of 10.5 mln t in 2000/01, the country exported more than twice as much as Indonesia (4.8 mln t). Soybean oil trade may slightly rise, too. The USDA expects a growth by 500,000 t to 9.6 mln t due to higher exports from the USA resulting from a higher crop and an increased crush. Sunseed oil trade is declining from 4.6 mln t to 4.2 mln t, according to the USDA. Although exports will probably fall, Russia and the Ukraine will maintain their top market position. Both countries are likely to export around 2.4 (2.9) mln t of sunseed oil. Argentina's exports are projected to 1.2 (1.0) mln t.

According to USDA's estimates, worldwide increase in production will be lower than the increase in global demand in 2009/10 so that **vegetable oil stocks** may decline slightly. At the end of the last marketing year, ending stocks had stood at 10.8 mln t and the USDA expects 10.4 mln t at the end of the current season. This year's **stocks-to-use ratio** is forecast to decline again to 7.7% (8.3%), which would be the lowest level since 1974/75.

With total demand of 25.7 (24.5) mln t **China** is still the most important user of vegetable oils in the world, but could not further gain in importance over the last few years. Its share in global use is un-

changed at 19% since 2003/04. The use of vegetable oil for human consumption still has the biggest share in total use and should amount to 23.2 (22.1) mln t. China will also continue to produce half of its vegetable oils from imported oilseeds. The USDA estimates soybean imports at 39.5 mln t in 2009/10. This would be lower than the 40.7 mln t imported last year, but could still result in an oil production of around 8 mln t. Approximately 8.4 mln t of vegetable oil should be produced from domestically grown oilseeds. The share of oils produced from imported oilseeds had significantly increased until 2006/07. Since that time, however, this process has stopped.

The **EU** continues to be the second largest consumer of vegetable oils with a volume of 23.2 (22.6) mln t. According to the USDA, the use for human consumption, however, is only likely to rise slightly in 2009/10 to about 13.4 (13,2) mln t. The industrial use is estimated to increase to 9.4 (9.0) mln t with the major part of this volume being used for domestic biodiesel production.

Germany, which is the biggest producer and user of biodiesel in the EU, is however not necessarily likely to see a higher demand from the biodiesel industry in marketing year 2009/10. The political parties and various lobbying groups have been arguing about the future course of the **German biodiesel sector** until at least this spring. Two key issues were at stake at the same time. The first one was the future shaping of the German biofuel quota law. For the year 2009, finally a blending quota of 5.25% was agreed for all biofuels (in energy equivalent of fossil fuels). For the years to follow, a quota of 6.25% was fixed. This is not expected to actually lead to a higher biodiesel blending as in Germany already now mineral diesel is blended with 7% biodiesel, according to the current German industry standard, so that an increase of the total rate would only be possible through a higher ethanol blending. In addition, for 2009 the tax on pure biodiesel, the so-called B-100, was only raised by 3 cents to 18 cents per litre instead of, as originally planned, by 6 cents to

21 cents per litre. For the time from 2010 onwards, the plan to raise the tax by 6 cents per litre was maintained. Due to the lengthy discussions about how to support the biofuels sector the majority of the German petrol stations backed out of the B-100 business. Also some truck companies have meanwhile changed over their trucks back to using mineral diesel. The further development will thus depend not only on the development of the vegetable and crude oil prices in the next coming months but in particular on whether the trust of the industry can be regained by a more reliable policy.

The increase in demand for vegetable oils, as projected by the USDA, is thus most likely mainly based on **new blending mandates in other EU countries**, in particular in France, Spain and the UK which have all tripled their production between 2006 and 2008 due to stricter laws. F. O. Licht expects a further substantial increase in the production volume in these countries also for 2009.

Whether the European biodiesel industry and thus the demand for vegetable oils will benefit also from the sharp reduction of the **biodiesel imports from the USA**, remains to be seen. In March 2009, the EU introduced a punitive duty on so-called B-99 imports from the USA, which made all deliveries unprofitable. Reason for this measure is the subsidisation of the blending by 1 US\$ per gallon, which is usual in the USA. Thus, meanwhile only very small quantities of US biodiesel are imported into the EU, like the recently noted lots of the so-called B-19 which does not fall under the punitive measures the EU introduced in March. The trade figures of the recent months show, however, that the lacking imports from the USA are compensated by additional deliveries from Argentina. According to Oil World, these imports amounted to 379,000 t already in the past three months and were thus ten times higher compared to the quantity imported from Argentina in the same months of last year and as well compared to that out of the USA in the same period.

The second key issue of the discussion about the future shaping of the German biodiesel sector was the implementation of the **new EU Renewable Energy Directive** which had been adopted in April this year by the Council of Ministers. This directive provides that the share of renewable energies in the transport sector shall grow by 10% EU-wide until the year 2020. At the same time, the feedstocks used for the production of biofuels need to fulfil certain requirements with regard to a sustainable production. For example, these feedstocks are not allowed to be produced on former rain forest or nature reserve areas. In addition, throughout the entire value chain, i. e. from the production of the plants via the transport to the production of the biofuel, the greenhouse gas emissions need to be 35% lower compared to those from the production of conventional fuels. Although the EU member states will have time until end-2010 to adjust to these requirements, in Germany this new legislation will be converted into national law already on January 1, 2010. However, certain transition periods are granted in order to give the EU member states time to introduce and implement the corresponding certification systems, which are currently not yet fully developed. Thus, the certification obligations will become valid and binding as from July 1, 2010. Moreover, feedstocks that are proven to be produced in 2009 may still be used after this date. The impact of this new EU directive on the markets for vegetable oils can hardly be assessed at this point in time. It can be assumed that the question whether and when the certification systems are functioning properly, will play a certain role in this connection, as well as the question what quantities of palm and soybean oil will get a sustainability certification.

Despite the large domestic production and the expected rise in processing in the EU, the **EU remains by far the biggest importer of vegetable oils worldwide**. The USDA estimates the EU to import 8.6 mln t in marketing year 2009/10 after 8.7 mln t in the previous season with all oils (palm, sunseed, soybean and rapeseed oil) equally accounting for the decline. The exports of vegetable

oils out of the EU are expected to reach about 1 mln t, 150,000 t less than in the year before.

India is the world's third largest consumer of vegetable oils. The USDA estimates India's consumption in marketing year 2009/10 at 14.9 (14.2) mln t. This would mean, that the use of vegetable oils has increased by nearly 3 mln t over the past three years, whereas it had almost been unchanged in the six years before. The biggest share in the increase of the use will have palm and rapeseed oil in 2009/10. At the same time, however, domestic production is projected to decline slightly. So the USDA expects India's stocks to decline as well to 900,000 (1.0 mln) t, which would however still be three times higher than in 2006/07 and in 2007/08. The vegetable oil imports are forecast to reach again a very high level of 7.8 mln t. Though this is 200,000 t lower than in the year before, it is still the second largest quantity ever imported.

The **USA** are still likely to remain in the fourth place, with consumption expected to total 11.7 (11.1) mln t. In 2008/09, the demand declined for the first time in five years because of the already mentioned delay in the implementation of the energy law. Originally, the minimum quantity of biodiesel that was scheduled to be used in 2009 was stipulated at 1.65 mln t. The actual use between January and June, however, was only 200,000 t, according to the statistics office, and it is not expected to reach the scheduled volume until December.

As mentioned earlier, **Indonesia** should have a share of 43% or 20.8 (19.5) mln t in global palmoil production which is seen totalling 45.0 (42.6) mln t. This further sharp increase in Indonesia is the result of a higher acreage. Oil World projects the acreage for calendar year 2010 at 5.8 (last year 5.4) mln ha, which is three times higher than in 2000. In **Malaysia** the expansion of the acreage will be lower, by only 100,000 ha to 4.1 mln ha. The reason for this is partly to be seen in the intention of the government to clear about 200,000 ha of older and thus less productive palm trees and to replant them with

more productive palm varieties. However, the USDA also anticipates for the marketing year 2008/2009 a relatively sharp rise in the production which should amount to 18.5 mln t due to higher yields. In the marketing year 2008/2009 the production in Malaysia did not rise (not least because of the dry weather) and the crop amount was with 17.5 mln t even slightly below the level of the year before. For **Thailand** and **Colombia**, two other emerging countries in the world market for palm oil, the USDA anticipates a further increase of the production to 1.3 (1.2) mln t and 820,000 (778,000) t, respectively.

At the end of the marketing year 2008/2009, the **worldwide palm oil stocks** amounted to approx 4.5 mln t. Even though the palm oil production is supposed to decline slightly in the coming months as a consequence of cyclic fluctuations, the USDA anticipates a small increase of the stocks to 4.6 mln t by the end of the marketing year 2009/2010.

In 2009/2010, the USA should remain the main **soybean oil** producer. With a forecast output of 8.7 mln t the production will, in fact, exceed the 8.5 mln t of the previous year; however, it will not reach the levels of the years 2005/2006 to 2007/2008 in which the 9 mln mark was exceeded. There are several reasons for the production being still relatively low: a comparatively poor consumption in the bio-diesel sector, a rather poor demand from the European countries who can satisfy their demand on rich domestic oilseed markets and the recovering supply in soybeans and soybean oil in South America. China ranks second with a production of 7.8 (7.3) mln t, just ahead of Argentina with 6.7 (6.1) mln t. As already remarked in our last report, next spring Argentina's soybean production should be well above the last year's level again which, due to a terrible drought, was only 32.0 (46.2) mln t.

In 2009/10, Argentina will still be the most important soybean oil exporting country. According to the USDA, the exports will amount to 5.3 mln t, a significant recovery from last year's 4.8 mln t. The

Argentine soybean oil exports would then account for 55% of the worldwide trade in this sector. Also worth mentioning are Brazil with 1.7 (2.0) mln t and the USA with 1.5 mln (998,000) t. According to the USDA's forecast, the leading soybean oil importing country in in 2009/2010 is China with 2.4 (2.3) mln t, followed by the EU with 780,000 (820,000) t. All in all, the worldwide demand should exceed the production by 300,000 t and result in a small reduction of the ending stocks. The USDA estimates that at the end of the marketing year 2009/2010 the global stocks will only amount to 2.2 mln t. This would mean that the stocks have continuously diminished in the course of the last four years and that they have reached their lowest level since 1991. The stocks-to-use ratio would be 5.9% and thus beneath the 6.9% of the campaign that has just ended.

The European Union is still the biggest producer of **rapeseed oil** worldwide. According to the USDA, the EU will produce approx. 8.9 (8.4) mln t in 2009/2010. This would mean a further rise in production for the sixth year in a row. China is the second largest producer in the world with 4.8 (4.7) mln t, a new peak for them, too. They are followed by India with 2.4 (2.2) mln t and Canada with 2.0 (1.7) mln t. However and in spite of the global increase of the production, the trading volume of rapeseed oil is expected to linger at 2.3 mln t, as the main consumers' demand has been sufficiently satisfied. With the bumper crop it has just harvested (1.7 mln t against 1.5 mln in the previous year), Canada is likely to remain, by far, the largest rapeseed exporting country in the world. Second are with 350,000 (202,000) t the United Arab Emirates who import rapeseed mainly from Canada and produce oil for the production of biodiesel in the European Union. In the marketing year 2009/10 and for the third time in a row the global rapeseed oil production is expected to exceed the consumption, which will further swell the worldwide stocks up to 891,000 (844,000) t.

Due to repeatedly large harvests in Russia, Ukraine and the European Union, the European oil mills can take advantage of an abundant sunseed offer. In

this respect Russia with a 2.6 (2.6) mln t production will be able to maintain its top position and its rank as the largest producer in the world, though immediately followed by the European Union with 2.4 (2.3) mln t and Ukraine with 2.2 (2.4) mln t. The fourth largest producer of **sunseed oil** is Argentina with 1.5 (1.5) mln t. According to the USDA's outlook, global trade will drop to 3.7 (4.0) mln t. This is mainly due to an unexpected slump in demand from some Asian countries. India's imports will be reduced to 400,000 (500,000) t, China's to 60,000 (115,000) t and Iran's to 150,000 (250,000) t. Ukraine is likely to reduce its exports to 1.7 (2.1) mln t and Russia to 700,000 (800,000) t.

Whereas in spring 2008 the **prices** of vegetable oils hit new record levels on the worldwide markets, oils have meanwhile lost in value in the wake of last year's good harvests and the start of the crisis last fall. The price for sunseed oil FOB Rotterdam fell from 2,098 US\$ per ton in June 2008 to only 757 US\$ per ton in March this year. In the same period the price of soybean oil FOB Rotterdam plunged from 1,537 US\$/t to 727 US\$ /t. The

situation was quite the same for all other main vegetable oils, with the sunseed oil price being at times even lower than the price for soybean oil. Since spring 2009 prices have stabilized again and are even currently rather high again due to delays in the soybean harvest in the USA. All in all, the offer on one side and the demand on the other are sending almost contradictory signals to the market and the future price development. The very good rapeseed crops in the northern hemisphere in the last few months and the forthcoming soybean harvest in the USA that is expected to be very promising may put a certain pressure on the prices in the coming months. This effect should be stronger when the prospect of another large soybean harvest in South America becomes still more obvious in January. But on the other hand the growing world population, a possible forthcoming global upswing and, above all, the new blend mandates for biodiesel in Europe, Southeast Asia and maybe also in the USA may have a positive effect on prices.

With Compliments,

ALFRED C. TOEPFER INTERNATIONAL GMBH

Table 1: World Crop Production

	Production (mln tons)			Area (mln ha)		
	2009/10**	2008/09*	2007/08	2009/10**	2008/09*	2007/08
WORLD TOTAL GRAIN (incl. Rice)***	2,194.3	2,229.9	2,121.0	694.6	694.8	690.7
USA	413.9	400.6	412.0	57.8	60.7	61.6
Canada	46.9	55.8	47.9	15.2	16.4	16.0
Argentina	28.4	25.6	45.8	6.4	7.9	10.9
Australia	34.7	32.5	23.5	20.3	20.1	18.9
China	412.5	420.0	398.3	86.7	85.9	84.8
India	204.6	216.7	213.1	98.6	99.7	99.5
Russia	93.4	103.3	78.9	45.7	43.9	41.1
Ukraine	42.8	50.4	27.2	14.5	14.5	12.7
EU-27	294.0	313.6	256.9	58.7	60.4	55.9
WORLD WHEAT (Jul/Jun)***	668.1	682.3	611.0	226.5	225.4	218.2
USA	60.4	68.0	55.8	20.3	22.5	20.6
Canada	24.6	28.6	20.1	9.8	10.0	8.6
Argentina	8.0	8.4	18.0	2.9	4.2	6.0
Australia	22.7	21.4	13.0	13.8	13.6	12.3
China	114.5	112.5	109.3	24.3	24.0	23.7
India	80.6	78.6	75.8	27.8	28.2	28.0
FSU-12	106.4	115.6	92.5	55.0	51.6	47.5
Russia	59.8	63.4	49.0	28.7	26.6	24.5
Ukraine	20.1	25.3	13.7	6.6	7.0	6.0
Kazakhstan	13.9	12.5	13.5	13.6	13.0	12.9
EU-27	138.4	150.3	119.2	25.6	26.5	24.2
WORLD CORN (Sep/Aug)***	792.5	791.3	791.9	157.1	157.2	159.9
USA	330.7	307.4	331.2	32.1	31.8	35.0
Argentina	14.0	12.6	22.0	1.9	2.3	3.4
Brazil	52.0	51.0	58.6	13.5	14.1	14.7
China	155.0	165.9	152.3	30.0	29.8	29.5
South Africa	10.5	12.8	13.2	2.8	3.0	3.3
Ukraine	9.0	10.6	6.3	2.1	2.4	1.9
EU-27	56.5	62.8	47.4	8.5	9.0	7.9
WORLD BARLEY (Jul/Jun)***	147.2	153.9	133.0	55.6	55.2	57.3
USA	5.0	5.2	4.6	1.3	1.5	1.4
Canada	9.2	11.8	11.0	3.0	3.5	4.0
Australia	7.9	6.8	5.9	4.5	4.5	4.4
Russia	17.4	23.2	16.2	9.3	9.6	9.6
Ukraine	11.9	12.5	5.9	4.9	4.2	4.1
EU-27	62.3	65.4	57.5	14.0	14.5	13.7
WORLD RICE (Milled) (Jan/Dec)***	433.7	445.7	433.4	153.6	156.5	154.7
USA	7.1	6.5	6.3	1.3	1.2	1.1
China	136.0	134.3	129.9	29.8	29.4	28.9
India	84.0	99.2	96.7	40.0	44.0	43.8
Indonesia	37.6	38.3	37.0	12.0	12.2	11.9
WORLD TOTAL OILSEEDS***	425.4	394.5	391.6	204.9	201.0	192.8
WORLD SOYBEANS (Sep/Aug)***	246.1	210.6	221.1	100.5	96.2	90.7
USA	88.5	80.7	72.9	31.0	30.2	26.0
Argentina	52.5	32.0	46.2	18.6	16.0	16.4
Brazil	62.0	57.0	61.0	22.5	21.7	21.3
China	14.5	15.5	14.0	8.8	9.1	8.8
India	9.0	9.1	9.5	9.5	9.6	8.8
WORLD RAPESEED (Jul/Jun)***	57.8	57.9	48.3	31.4	30.6	28.1
Canada	10.3	12.6	9.5	6.2	6.5	6.3
Australia	1.7	1.1	0.6	1.3	1.1	1.1
China	12.9	11.5	10.4	7.2	6.8	6.5
India	6.4	5.0	6.2	6.5	5.7	6.4
EU-27	21.3	19.0	18.5	6.4	6.2	6.6
Ukraine	1.8	2.9	1.0	1.0	1.4	0.8
WORLD SUNSEED (Sep/Aug)***	31.9	32.6	27.0	23.4	23.1	21.0
Argentina	3.7	2.9	4.7	2.2	1.8	2.6
Russia	7.2	7.2	5.7	5.8	5.8	5.1
Ukraine	6.6	6.8	4.2	4.2	4.2	3.4
EU-27	6.7	6.8	4.9	3.9	3.7	3.2

Sources: USDA, Stats. Canada, ABARE, own Estimates

* Estimate ** Forecast *** as USDA

Table 2: WHEAT TRADE (mln t)

	2009/10	2008/09
WORLD	124.8	140.7
EXPORTERS		
USA	24.5	27.6
Canada	18.5	18.8
Argentina	2.5	5.7
Australia	15.5	14.0
Russia	16.5	18.4
Ukraine	8.5	13.0
Kazakhstan	7.0	5.7
EU-27	20.0	25.4
IMPORTERS		
Brazil	6.5	6.0
Mexico	3.3	3.3
China	0.3	0.5
South Korea	3.4	3.4
Japan	5.3	5.2
Philippines	3.0	3.2
Indonesia	5.5	5.4
India	0.0	0.0
Iraq	3.8	3.9
Iran	5.5	6.7
Egypt	8.3	9.9
Morocco	1.8	3.8
Algeria	5.3	6.4
Nigeria	3.5	3.6
EU-27	6.5	7.7

0

Table 3: CORN TRADE (mln t)

	2009/10	2008/09
WORLD	84.4	79.5
EXPORTERS		
USA	54.6	47.2
Argentina	8.0	7.5
Brazil	9.0	7.5
China	0.5	0.3
South Africa	1.5	2.5
Ukraine	3.0	5.5
IMPORTERS		
Mexico	9.0	7.4
Egypt	4.2	4.2
Iran	2.9	3.1
South Korea	7.5	7.0
Japan	16.3	16.5
Taiwan	4.6	4.4
EU-27	2.5	2.5

Source: USDA

Table 4: BARLEY TRADE (mln t)

	2009/10	2008/09
WORLD	17.6	20.0
EXPORTERS		
USA	0.3	0.3
Canada	1.5	1.5
Australia	3.5	3.5
Russia	2.2	3.4
Ukraine	6.0	6.4
EU-27	2.5	3.5
IMPORTERS		
China	1.5	1.5
Japan	1.4	1.4
Jordan	0.7	0.5
Saudi Arabia	7.5	7.6
Iran	1.9	1.0
Syria	1.7	1.0

Source: USDA

Table 5: SOYBEAN TRADE (mln t)

	2009/10	2008/09
WORLD	77.9	76.9
EXPORTERS		
USA	35.5	34.8
Argentina	9.7	5.9
Brazil	23.7	30.0
Paraguay	4.9	2.4
IMPORTERS		
Mexico	3.5	3.1
China	39.5	40.7
Japan	4.0	3.5
South Korea	1.2	1.1
Taiwan	2.3	1.8
Thailand	1.7	1.5
Indonesia	1.6	1.2
EU-27	12.4	13.0

Source: USDA

Table 6: RAPESEED TRADE (mln t)

	2009/10	2008/09
WORLD	9.9	11.9
EXPORTERS		
Canada	6.1	7.5
Australia	1.1	1.1
EU-27	0.4	0.1
Ukraine	1.6	2.6
IMPORTERS		
Mexico	1.4	1.5
China	0.8	2.9
Japan	2.2	2.2
Pakistan	0.6	0.4
EU-27	1.9	3.3

Source: USDA

Table 7: EU-27 GRAIN PRODUCTION (in 1,000 t)

	WHEAT		DURUM		BARLEY		spring Barley		CORN		RYE		OATS		TRITICALE		OTHERS**		TOTAL GRAINS	
	(excl. Durum)				(Total)															
	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008	2009*	2008
EU-27	130,027	140,871	8,360	9,453	62,288	65,407	31,466	35,002	56,505	62,770	9,670	9,330	8,525	8,673	12,018	11,013	4,712	4,352	292,106	311,869
EU-15	96,946	104,056	8,265	9,358	50,835	53,200	24,306	27,103	36,619	40,898	5,150	4,902	6,146	6,321	5,612	5,243	594	490	210,167	224,468
Germany	25,109	25,945	66	39	12,287	11,973	2,225	2,600	4,329	5,158	4,249	3,756	798	791	2,546	2,381	0	0	49,385	50,043
France	36,557	36,924	2,145	2,101	12,867	12,201	3,771	3,509	15,129	16,015	129	138	564	474	2,017	1,768	341	239	69,750	69,862
Italy	3,206	3,801	3,458	4,883	1,106	1,154	0	0	8,600	10,320	11	13	384	380	60	64	222	215	17,047	20,828
Netherlands	1,440	1,380	0	0	312	310	274	276	220	253	11	10	10	10	22	19	0	0	2,014	1,982
Belgium/Lux.	1,890	1,986	0	0	484	498	58	52	735	780	15	15	35	35	64	65	0	0	3,223	3,378
U.K.	14,274	17,264	0	0	6,628	6,187	3,995	3,358	0	0	42	48	748	755	52	75	0	0	21,744	24,327
Ireland	521	950	0	0	1,104	1,239	992	1,076	0	0	0	0	180	185	0	0	0	0	1,805	2,374
Denmark	5,240	5,026	0	0	3,612	3,360	2,541	2,612	0	0	123	143	245	248	166	189	0	0	9,386	8,966
Greece	492	488	1,181	1,100	315	338	0	0	1,800	2,040	23	26	99	97	0	0	5	5	3,915	4,093
Spain	3,500	5,568	1,352	1,147	7,434	11,263	6,381	9,591	3,430	3,605	175	279	901	1,148	145	139	25	30	16,961	23,179
Portugal	120	173	4	4	75	124	0	0	592	632	23	23	50	93	30	39	0	0	893	1,088
Austria	1,363	1,561	59	84	776	936	344	472	1,784	2,095	186	219	100	98	234	231	0	0	4,502	5,224
Sweden	2,350	2,204	0	0	1,686	1,673	1,575	1,614	0	0	117	172	800	819	275	274	0	0	5,227	5,142
Finland	884	788	0	0	2,150	1,943	2,150	1,943	0	0	48	60	1,232	1,190	0	0	0	0	4,313	3,981
EU-12	33,081	36,815	95	95	11,453	12,207	7,161	7,899	19,886	21,872	4,520	4,428	2,379	2,352	6,406	5,769	4,118	3,863	81,938	87,401
Poland	9,716	9,271	0	0	3,971	3,620	3,043	2,928	1,691	1,892	3,741	3,451	1,400	1,262	5,180	4,456	3,920	3,668	29,620	27,619
Czech Republic	4,363	4,693	0	0	2,070	2,293	1,408	1,623	710	819	148	217	165	169	225	262	54	57	7,735	8,510
Slovakia	1,611	1,788	31	32	714	930	644	851	873	1,148	61	85	38	43	41	49	30	30	3,400	4,104
Hungary	4,351	5,661	47	43	1,036	1,475	334	521	7,462	8,964	75	114	121	183	380	509	13	14	13,485	16,962
Estonia	358	280	0	0	316	280	311	277	0	0	42	67	73	61	23	22	7	10	818	720
Latvia	1,020	989	0	0	226	306	200	278	0	0	179	240	130	141	35	30	9	10	1,599	1,716
Lithuania	1,995	1,721	0	0	870	970	788	922	32	25	220	205	110	110	410	320	38	38	3,674	3,388
Slovenia	157	169	0	0	79	88	7	9	280	317	3	3	5	5	11	11	0	0	535	593
Cyprus	0	0	8	5	51	27	0	0	0	0	0	0	0	0	0	0	0	0	59	32
Cyprus	0	0	9	10	3	3	0	0	0	0	0	0	0	0	0	0	0	0	11	12
Romania	5,873	7,770	0	0	1,272	1,292	376	428	7,590	7,410	36	33	308	336	102	110	48	37	15,227	16,987
Bulgaria	3,639	4,472	0	0	846	926	50	63	1,247	1,297	15	15	30	42	0	0	0	0	5,776	6,751

Source: ACTI

* Estimates ** Sorghum, Mixed Grains

Table 8: EU-27 OILSEED PRODUCTION (in 1,000 t)

	RAPESEED		SUNSEED		SOYBEANS		TOTAL 3	
	2009*	2008	2009*	2008	2009*	2008	2009*	2008
EU-27	21,281	18,966	6,721	6,823	892	752	28,893	26,541
EU-15	15,330	13,142	2,931	2,845	745	612	19,006	16,599
Germany	6,305	5,155	53	50	0	0	6,358	5,206
France	5,616	4,719	1,592	1,585	98	63	7,306	6,367
Italy	48	25	341	270	590	490	978	785
Netherlands	11	13	0	0	0	0	11	13
Belgium/Lux.	45	42	0	0	0	0	45	42
U.K.	1,945	1,973	0	0	0	0	1,945	1,973
Ireland	16	27	0	0	0	0	16	27
Denmark	706	635	0	0	0	0	706	635
Greece	6	7	18	16	0	0	24	22
Spain	32	21	830	822	3	1	865	844
Portugal	0	0	24	22	0	0	24	22
Austria	176	174	73	80	54	59	303	314
Sweden	298	264	0	0	0	0	298	264
Finland	128	86	0	0	0	0	128	86
EU-12	5,950	5,824	3,790	3,978	147	140	9,887	9,941
Poland	2,410	2,127	5	5	0	0	2,416	2,132
Czech Republic	1,135	1,062	62	61	5	5	1,203	1,128
Slovakia	410	424	191	196	18	18	619	638
Hungary	560	656	1,277	1,409	69	67	1,905	2,132
Estonia	141	136	0	0	0	0	141	136
Latvia	183	175	0	0	0	0	183	175
Lithuania	295	288	0	0	0	0	295	288
Slovenia	10	11	0	0	0	0	10	11
Cyprus	0	0	0	0	0	0	0	0
Malta	0	0	0	0	0	0	0	0
Romania	593	711	1,040	1,105	55	50	1,688	1,866
Bulgaria	213	234	1,214	1,202	0	0	1,427	1,436

Source: ACTI

* Estimates

Table 9: EU-27 EXPORT AND IMPORT COMMITMENTS (in 1,000 t)

	EU-27 01/07/2009 - 13/10/2009		EU-27 01/07/2008 - 07/10/2008	
	Export (incl. Food Aid)	Import	Export (incl. Food Aid)	Import
Wheat	5,472	1,731	6,652	1,852
Wheat flour *	553	2	601	1
Durum wheat	86	893	329	307
Semolina *	0	0	0	0
Barley	290	56	1,796	165
Malt *	0	0	3	0
Corn	191	537	170	1,571
Rye	8	0	9	0
Rye flour *	0	0	0	0
Oats	30	0	19	0
Sorghum	0	1	0	221
Others	0	0	0	0
Total	4,579	2,079	6,081	3,090

Source: EU-Commission

* in grain equivalent